

Minutes of the Blue Ribbon Panel for Transportation Funding
Meeting #11
November 14, 2008
9:00 am-10:30 am
Department of Administration – Conference Room A

Members Present: Jerome Williams, Dept. of Administration, Co-Chair
Robert Shawver for Michael P. Lewis, RIDOT, Co-Chair
Lloyd Albert, AAA
Robert Cusack, Preferred Asset Management, LLC
William Sequino, Town Manager, East Greenwich
Peter Osborn, FHWA
Robert Weygand, URI
Suzanne Greschner for John Simmons, RIPEC
Gary Sasse, Dept. of Revenue

Staff: Diane Badorek, Maureen Gurghigian, Kazem Farhoumand

In Attendance: Phillip Kydd, John Megrđichian, Michael Abbruzzi, Heidi Cote, Dana Alexander Nolfé, John-Paul Verducci, Carmela Corte, Christopher Long, Deborah Rosen, Douglas Hales, Katherine Trapani, Lilly Picchione, Barry Schiller, Jerry Elmer and Bruce Landis.

October 16th Meeting Minutes

The minutes for the October 16, 2008 meeting were approved without revision.

Information Update:

In light of the high level of interest by Congress to approve an Economic Stimulus Package, the State needs to be ready with a source of funding to provide the state match if a program is passed.

Funding Options: Jerome Williams, DOA and Robert Shawver, RIDOT

Discussion included the following options:

- A short-term priority is to provide a funding source for RIPTA to cover operations and to reduce the agency's debt. This could be done through an increase in the state gas tax; it is estimated that a five cent increase put in place by February 1, 2009 could generate revenue sufficient to cover RIPTA's FY2009 deficit. The full-year estimate for the revenue generated by a five cent increase is \$22 M.
- A \$20/yr increase in the vehicle registration fee (registration is currently biennial so total increase in fee would be \$40) would generate about \$23 M annually. A lower fee for the registration of fuel efficient vehicles could be used to provide an incentive for the purchase of these vehicles.
- Implementing a wholesale petroleum gross earnings tax program equivalent to a ten cent increase in the state gas tax would generate approximately \$44 M per year. A study would have to be conducted to determine the impact of such a program on RI businesses.
- Establishing a tolling location on I-95 between exits 1 & 2 could potentially generate about \$25 M in revenue per year (\$2 for cars, \$4 for trucks). A toll at the RI/MA border on I-95 with the same fee structure could generate about \$50 M annually. There is an application process to FHWA for approval to charge tolls on the interstate system. MA and NH are considering tolling as well, so RI should combine its request with that of the other NE states and present it as a corridor approach.
- A 20 percent increase in traffic violations and fees could generate about \$2 M per year.
- Directing overweight vehicle fines to the transportation program could add about \$0.5 M per year.
- A 0.25 percent increase in the state sales tax that was dedicated to transportation would generate about \$30 M annually.

- If an Economic Stimulus Package is not created at the federal level, the state could issue a \$150 M revenue bond and provide an infusion of capital to get much needed projects underway; this debt would then be paid off using income from the petroleum gross earnings tax program or tolling revenue.
- Although a VMT tax is seen as an option for the future due to the long lead time needed to develop the technology, a study should be conducted to determine if a program could be implemented that does not depend on a high-tech solution. Other states are also considering this idea, and the Federal Highway Administration could help to coordinate this effort. It is possible that RI could require that odometer readings be recorded as part of the vehicle inspection process, for example.
- Instituting parking fees to finance the transportation program was not viewed as a viable option at this time due to inequitable impacts created in urban areas.

Discussion on final report content included:

- Two funding scenarios should be shown - one at the \$150 M level and the other at the \$285 M level; demonstrate what options would be necessary to cover the entire projected need. Show revenues coming into the program, and the improvements/projects that would result in each year, using a five year time period and beyond.
- The proposed funding options should be presented as a public investment with public benefits. The return on investment includes: capital improvements done immediately, better and more efficient transportation system and services, increase in safety and access.
- Note equity of strategies – user fee approach vs. a broad-based approach; “Pay As We Go” plan.
- Calculate impact of each option on the average family.
- Include discussion on the need for funding a Local Road Program for cities and towns.
- Stress the importance and need to pay down and eliminate debt.

The draft of the final report will be prepared and distributed to BRP members by November 21 for review and comment.

It is anticipated that after the BRP report has been presented to the Governor and the General Assembly, public feedback would be sought on the proposed options.

Next Meeting: The next meeting is scheduled for December 4th at 9:00 a.m. Discussion will focus on the draft of funding options scenarios to be included in the final report.